



The Commonwealth of Massachusetts

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BAY STATE GAS COMPANY D.T.E. 05-27

ELEVENTH SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO THE COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Bay State" or "Company") the following set of Information Requests for response within ten days of issuance:

- DTE 11-1 Refer to Exh. BSG/EMR-1, at 8. Describe the "physical inspections" process relied upon by Mr. Robinson.
- DTE 11-2 Refer to Exh. BSG/EMR-1, at 8. Provide the dates on which Mr. Robinson toured the Company's physical plant as part of preparing the depreciation study presented in this proceeding.
- DTE 11-3 Refer to Exh. ESG/EMR-1 at 8. Provide a list of all the Company's operation centers "representative operations property" visited by Mr. Robinson.
- DTE 11-4 Refer to Exh. BSG/EMR-1, at 8. Provide the names and titles of the Company personnel who accompanied Mr. Robinson on his tour of the Company's physical plant.
- DTE 11-5 Refer to Exh. BSG/EMR-1, at 8. Provide a copy of all notes, memorandum or other written materials created during and as a result of Mr. Robinson's examination of the Company's physical plant and discussions with Company personnel.
- DTE 11-6 Refer to Exh. BSG/EMR-1, at 11, line 18. Why, in the example cited here, would the three different retirement ages be divided by two?
- DTE 11-7 Refer to Exh. BSG/EMR-1, at 10, line 10-14. Please describe the benefits of each of the following depreciation methods: Straight Line Method, Sum of the Years Digits Method and the Sinking Fund Method.

- DTE 11-8 Refer to Exh. BSG/EMR-1, at 12. Explain how the average service life of 1.64 years for this hypothetical plant is calculated.
- DTE 11-9 Refer to Exh. BSG/EMR-1, at 18. What are the Company's salvage procedures? How often are these salvage procedures reviewed?
- DTE 11-10 Refer to Exh. BSG/EMR-1, at 18. Explain the steps the Company has taken to control negative net salvage costs?
- DTE 11-11 Refer to Exh. BSG/EMR-2, Section 2, at 2-1. Describe the Company's removal procedures for all Company plant included in Account 380 (Services). Include in the Company's response a list of all costs involved.
- DTE 11-12 Refer to Exh. BSG/EMR-1, at 19, lines 2-5. Provide a tabulation of the Company's cost of removal, by account, for the past 5 years.
- DTE 11-13 Refer to Exh. BSG/EMR-1, at 19, lines 12-18. Provide all information regarding the "standard analysis approach" used by the Company to estimate the retirement costs of the Company's plant.
- DTE 11-14 Refer to Exh. BSG/EMR-2, at 4-15 and 4-16. Provide the Company's Net Salvage Experience relative to Account 380 (Services) on an annual basis for the years 1980 through 2003.
- DTE 11-15 Refer to Exh. BSG/EMR-2, at 4-16. Provide the Department with the "forecast analysis" the Company uses to predict future net salvage experience.
- DTE 11-16 Refer to Exh. BSG/EMR-2, at 2-1 and 2-2. Provide the documents included in this exhibit with the "Present Rate" categories broken out into the following three subcategories: Present Plant Only Rates, Present Gross Salvage Rates and Present COR Rates.
- DTE 11-18 Refer to Exh. BSG/EMR-2, at 2-1 and 2-2. Provide these documents with the "Present Rates" column broken out into the same four sub-categories as the "Proposed Rates" column.
- DTE 11-19 Refer to Exh. BSG/EMR-2, Section 2. Please provide these documents in electronic spreadsheet format. Include all formulas and calculations used in deriving these documents.

- DTE 11-20 Refer to Exh. BSG/EMR-2, Section 2, at 4-247. Please explain why, for Account 311(L.P. Gas Equipment), the proposed plant only rate of 1.56% was added to the proposed gross salvage rate of 0.29% in determining the proposed 1.85% depreciation rate for this account.
- DTE 11-21 Please provide the total amount of vacation pay accrued that was booked as an expense during the test year and the level included in the Company's cost of service in this case. Please explain any difference between the two figures.
- DTE 11-22 Refer to Exh. BSG/JES-1, at 15. Provide the following information: (A) a copy of the Company's incentive compensation program; (B) a list of the employees who earned incentive compensation during the test year and the amount paid to each; (C) the total amount of incentive compensation included in test year cost of service; and (D) the amount of incentive compensation, if any, included in the Company's pro forma cost of service.
- DTE 11-23 Refer to Exh. BSG/JES-1, at 15. Provide the specific performance categories used to rate each employee who participated in the incentive compensation program and what level of performance must be met in order to achieve a bonus.
- DTE 11-24 Does the Company have an early retirement program? If so, please provide the number of employees who participated in the program during the test year, and the test year amount of payroll saved as a direct result of the implementation of this program.
- DTE 11-25 Has the Company performed any overall unit-labor cost comparability studies between itself and other utilities and/or other industries? If so, please provide a copy of any such study performed.
- DTE 11-26 Has the Company performed any overall unit-labor cost comparability studies between itself and other utilities and/or other industries, which relate overall unit-labor costs to employee productivity? If so, please provide a copy of any such study performed.
- DTE 11-27 Please discuss the Company's overall business strategy regarding the minimization of total unit-labor costs.
- DTE 11-28 Refer to Exh. BSG/JES-1, at 16. Provide all proposals the Company solicited from insurance carriers and/or third party administrators through its request-for-proposal process.

- DTE 11-29 Refer to Exh. BSG/JES-1, at 16. Explain how the Company selected its test year health-care provider(s).
- DTE 11-30 Refer to Exh. BSG/JES-1, at 16. Has the Company ever challenged any health-care related bills from hospitals, doctors, or other health-care providers? If yes, please explain. If not, please explain what internal auditing procedures the Company employs to ensure that bills are accurate.
- DTE 11-31 Refer to Exh. BSG/JES-1, at 16. During the last three years, has the Company solicited bids for alternative dental-service providers? If so, please provide the results of any such bids and explain how the Company selected its test year dental-service provider.
- DTE 11-32 Refer to Exh. BSG/SAB-1, at 38. Provide the actual amount of test year employee contributions to the Company's 401(k) plan that were eligible for a matching contribution from the Company.
- DTE 11-33 Refer to Exh. BSG/SAB-1, at 38. Indicate: (a) whether employee participation in the Company's 401(k) plan is voluntary; and (b) whether employees participating in the Company's 401(k) plan are entitled to terminate participation at any time.
- DTE 11-34 Refer to Exh. BSG/SAB-1, at 38. Please provide the total and the expensed amounts of the Company's 401(k) matching contributions during the test year.
- DTE 11-35 Please provide a five-year history of employee promotions, market-based adjustments and changes in job responsibility along with the corresponding salary adjustment for each.
- DTE 11-36 Please provide the required employee contribution level by percent and dollars for each of the health care and dental care options offered by the Company for both union and non-union employees for 2003, 2004 and 2005.
- DTE 11-37 Please itemize and quantify for each management employee and officer the compensation and benefits, including bonuses, paid during the test year.
- DTE 11-38 Please provide an itemized list of all food, beverage, entertainment, and travel costs included in the test year cost of service in excess of \$100. Please also provide for each item the date, location, number of employees attending, number of non-employees attending, and the nature of the event.

- DTE 11-39 Please provide the Company's corporate policy on employee and officer use of Company vehicles, including all documents describing such policy. Please provide the original cost and date of purchase of each vehicle purchased by each officer of the Company which was used by such a Company officer or employee during the test year.
- DTE 11-40 Please indicate what steps, if any, the Company took to manage the cost of its employee compensation components over the last five years and what steps it plans to take in the future to minimize these costs.
- DTE 11-41 Refer to Exh. BSG/JES-1, at 38. Of the Company's \$4,674,251 proposed increase in depreciation expense, how much of this amount is attributable to changes in average service lives and how much of this amount is attributable to revisions in net salvage? Please show the answer in both dollar value and percentage as it relates to the Company's entire depreciation adjustment.
- DTE 11-42 Refer to Exh. BSG/JES-1, at 38. Of the Company's proposed depreciation expense of \$28,800,958, how much of this amount is attributable to changes in average service lives and how much is attributable to revisions in net salvage? Please show answer in both dollar value and percentage as it relates to the Company's total depreciation expense.

DATED: May 27, 2005